



On emancipators, engineers, and students: The appropriate attitude of the economist

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Abstract

This paper presents an original conceptualization of the different attitudes economists have expressed toward their object of study. It distinguishes between a humanist and a scientist tradition in economics and argues that both stances can be combined with an active and a passive attitude. This results in four different positions or attitudes, that of the positive scientist (passive scientist), the social engineer (active scientist), the student (passive humanist) and the emancipator (active humanist). The paper explores the implications of the four positions and it argues that there are many threads within Austrian economics and Virginia Political Economy that point toward the attitude of the active humanist. As such it is an extension and a correction of the distinction drawn between the student and the scientist in my book *Viennese students of Civilization* (2016). It is argued that the emancipator position has to explicitly engage with what Buchanan calls ‘might-bes’, that is hypothetical changes in rules, institutions, or human behavior, and as such has important links with the critical tradition on the left.

Keywords Students of civilization · Richard Rorty · James M. Buchanan · Scholarly attitude · Humanomics

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1 Introduction

Central in my book *The Viennese students of Civilization* (2016) is the distinction between the student and the scientist as two fundamentally different *attitudes* toward the social world. Whereas both student and scientist are looking for knowledge about

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the social world, the scientist does so in order to improve the social world by controlling some social forces, the student on the other hand does so primarily to learn how to deal (cope) with the world. In the book I argued crucially that what sets the (early) Austrian tradition apart from much of the rest of economics is its belief that the researcher at best can study the order within society, but is in no position to change it. If there is anything she might be able to do, it is to see how these natural forces can be channeled to bring about good. She is consequently in the position of a student of forces that are beyond her control, a position, which as she realizes brings her close to natural scientists of the early modern kind. It also makes her marvel at the actual order that emerges from these natural forces.

I contrasted this with the image of the modern scientist who thinks of scientific knowledge as an instrument to bring about social change. For the modern scientist the forces he studies are ultimately within control, although particular manipulations may prove difficult. Funny enough this social scientist also believes himself to be much like the natural scientist, but now of the modern engineering type, who can employ technology for the benefit of society. It is clear that this type of image dominates much of economics: from Keynesian demand management, to modernization theories in development economics, and from modern randomized control trials to efforts to improve consumer choice. The core idea for the scientist economist is that he produces useful knowledge which can be instrumentally applied.

It is harder to imagine what the knowledge that the student produces is good for. After all she does not produce knowledge that can be instrumentally applied, and hence it is tempting to think of her as merely pursuing knowledge for knowledge's sake. An important argument of this paper will be that this view is mistake. The student does produce valuable knowledge, and it is a type of value that extends beyond her own curiosity. In this paper I will call that knowledge therapeutic and edifying. It is knowledge that is relevant for action, and guiding human choices and behavior, and it might help inform governance, but not in an instrumental manner. It also contains what we might call a 'negative' element, it demonstrates what we cannot do, achieve, and what we better not choose or pursue.

In my book I heavily emphasized this 'negative' component, in part to draw out the limits of any type of social knowledge, and to illustrate the distinctiveness of the Austrian perspective. But two chapters also dealt explicitly with the limits of the position of the humble student aware of her limitations, and without control over social forces. I questioned whether it is an intellectual position that can only lead to quietism, or fatalism. The limits of this position were quite apparent during the interwar period, when the Viennese students turned into custodians if not defenders of their civilization (the set of orders in society). At least a number of Central-European thinkers were no longer content being merely a student, but sought to find a way in which they could sustain these orders, and indeed help foster them. This put them in a more activist position, and some critics started to point to a seeming inconsistency in their intellectual position. On the one hand they claimed to study natural social orders, on the other hand they seemed to favor and promote certain types of social order and critiquing and actively seeking to prevent others.¹

¹ Mirowski is a modern proponent of this view when he argues that Hayek held a double-truth doctrine (Mirowski and Plehwe 2009).

This paper is an attempt to reconcile this inconsistency, by drawing out more precisely what the differences are. In particular it argues that my original distinction between scientists and students was too simple to make sense of the change in attitude of the Viennese students during the 1940's, nor can it make complete sense of the critique they offered of positive science. In order to do so we will start from the following 2×2 matrix.²

Position	Attitude	
	Activist/Constructive	Accepting/Corrective
Humanist	Emancipator	Student
Scientist	Social Engineer	Positivist / Historicist

Introducing the matrix this early in this paper undoubtedly raises many questions, more than we can answer at this point, but clarifying this matrix is the main purpose of this paper, and it should help us think about the *attitude* we have towards the social world and knowledge of it, as observers of the social world.

Making *attitude* central might seem curious, and I understand it is an unlikely, even uncomfortable subject to study, but I think to capture the essential difference there is no better way. This is not to discredit other types of distinctions we can make between internalist and externalist positions, and about the difference between focusing on outcomes vs. institutional preconditions. It is simply to suggest that differences in attitude towards the social world are important, and the cause of fundamental disagreements between intellectual traditions.

This emphasis on attitude is also an effort to make explicit what is often implicit in what Schumpeter has called the vision of particular economists (Schumpeter 1949). This is as much, I contend, an attitude toward the economy and society more generally. Schumpeter's own attitude is in fact a great example of what we are investigating here. He was a very serious scholar in the social sciences, eminently concerned with understanding, but adopted a curious Viennese type of irony when it came to improving that world. The world was very worthy of his consideration, but attempts to change it could only be understood as human folly.³ It is in part my continued struggle with this Viennese irony, and the attempt to characterize this not merely as a cultural phenomenon, but also as an intellectual attitude that has provided much of the impetus for what is to follow.

But before we move to actual analysis let us first explore the four ideal-typical position that result from my small matrix. To do so I believe the first important thing to do is stake out clearly how the student is different from the scientist, and to build at least some credibility for the student position in the first place. A good place to start for this is with the work of the American pragmatist philosopher Richard Rorty.

² The distinctions drawn here are partly inspired by Boettke and Horwitz (2005).

³ For a wonderful example of this attitude see the postscript to his *Capitalism, Socialism and Democracy* (add reference). It is also exemplified by his oft-quoted conversation with Max Weber. "Schumpeter expressed his satisfaction that socialism is no longer a paper discussion but had to demonstrate its viability. Weber grew rather excited and declared that Communism at Russia's stage of development was quite simply a crime..." the road would pass through untold human suffering and end in a terrible catastrophe. 'That may be so,' Schumpeter said, 'but it will be a nice little experiment for us.' 'A laboratory with heaps of human corpses,' Weber specified. 'All anatomy is like that,' Schumpeter came back (Radkau 2009, 508).

2 On systematic and therapeutic philosophers

Rorty introduces the distinction between therapeutic and systematic philosophers in his *Philosophy and the Mirror of Nature* (1979). There he singles out a number of philosophers — Dewey, Wittgenstein, Sartre, Nietzsche and Heidegger — as therapeutic philosophers: “I present [them] as philosophers whose aim is to edify-to help their readers, or society as a whole, break free from outworn vocabularies and attitudes, rather than to provide “grounding“ for the intuitions and customs of the present” (Rorty 1979, 11–12). This notion of grounding is important for Rorty since he is seeking an anti-foundationalist perspective. But too much emphasis on the notion of grounding, the principles from which our intuitions, customs and institutions can be justified, can also set us on the wrong foot since it suggests substantive philosophical disagreements. We are instead seeking for a difference in attitude towards the subject of study.

Rorty already gets closer to this different attitude when he argues that: “[their] work is therapeutic rather than constructive, edifying rather than systematic, designed to make the reader question his own motives for philosophizing rather than to supply him with a new philosophical program” (Rorty 1979, 5). It appears that he argues that the therapeutic philosophers are questioning the very reasons for why we do philosophy, what do we seek to achieve by striving for knowledge. This gets us closer to the attitude of the humanist student, and the purpose of knowledge of the social world more generally. For what reason do we study the economy? What is economic knowledge good for?

Rorty, however, at the same time seems to deny such a reading. He seems equally attracted to the idea that therapeutic philosophers defy any particular attitude towards their object of study. For him it seems they are mere gadflies. He for example argues that: “The therapy offered is, nevertheless, parasitic upon the constructive efforts of the very analytic philosophers whose frame of reference I am trying to put in question” (Rorty 1979, 7). As such the work of therapeutic philosopher is very important, but only in that it shows the limits of the current approach, not because the approach, or rather the attitude itself is a genuine alternative.

It is worth, however, to see if there is more on offer than merely a theory of gadflies who outrun their usefulness once the constructive system has changed. Sadly Rorty is mostly concerned with this critical function, and less with the constructive function of the therapeutic philosophers. The most he has to say about them in his breakthrough book *Philosophy and the Mirror of Nature* is in the following passage:

“Since ‘education’ sounds a bit too flat, and *Bildung* a bit too foreign, I shall use “edification” to stand for this project of finding new, better, more interesting, more fruitful ways of speaking. The attempt to edify (ourselves or others) may consist in the hermeneutic activity of making connections between our own culture and some exotic culture or historical period, or between our own discipline and another discipline which seems to pursue incommensurable aims in an incommensurable vocabulary. But it may instead consist in the ‘poetic’ activity of thinking up such new aims, new words, or new disciplines, followed by, so to speak, the inverse of hermeneutia; the attempt to reinterpret our familiar surroundings in the unfamiliar terms of our new inventions. In either case, the activity is (despite the etymological relation

between the two words) edifying without being constructive—at least if ‘constructive’ means the sort of cooperation in the accomplishment of research programs which takes place in normal discourse. For edifying discourse is supposed to be abnormal, to take us out of our old selves by the power of strangeness, to aid us in becoming new beings.” (Rorty 1979, 360)

The therapeutic aspect is not absent here, the philosophers he singled out, are still primarily engaged in challenging existing meanings of the social world. But he does recognize that the very existence of these alternative ways of speaking opens up the path to new possibilities and new ways of being. If we take this position to its extreme we would say that the way we understand the world determines who we are. This ideal is perhaps best embodied, by the foreign word Rorty dismisses, *Bildung*. In its extreme it is clearly ridiculous: humans are not nearly as malleable as extreme versions of *Bildung* would have us believe.

It is important however, that by emphasizing this constructive side we get to realize that both activist positions in our 2×2 matrix represent a hopeful outlook on the possibilities of knowledge. For the social engineer that hope rests in the ability of the social engineer to bring about social change through the application of technology and technological knowledge. This type of application is regarded with a general skepticism in the Austrian tradition. Take for example Wieser: “The technical expert mocks the laymen who expect him to produce the miracle, of lifting a weight, for which he does not have the power; similarly the sociologist should mock the oft-repeated proposals, which will produce the greatest imaginable effects in society, before the necessary historical powers to bring these changes about are strong enough” (Wieser 1910, 144). But for the humanist the optimism lies in the people, who should enlighten, emancipate or empower themselves. One could call this a social optimism, as opposed to the technical optimism of the engineer (Brodsky 1982).

It is clear that this program of emancipation and enlightenment through (social) science has gone largely lost. So we have to do some work in order to recover it, and give it renewed plausibility and credibility. It is tempting to think of the *Bildung* attitude as being merely about personal development, in that interpretation it is about character building, and its represents—and has sometimes been criticized as such—a meritocratic somewhat elitist ideal. Rorty, too, seems to emphasize the personal when he argues that it can ‘aid us into becoming new beings’. But earlier on he had suggested that therapeutic philosophers might aid “their readers, or society as a whole”. To understand this better it might help to move back to economics, and in particular a branch of economics which has some affinities with the American pragmatist tradition, to which Rorty also belongs, the older Chicago School of Economics.

3 Knowledge and emancipation

In his essay *Economics as a Public Science* James Buchanan quotes Stigler about their mentor Frank Knight: “For Knight, the primary role of economic theory is to contribute to an understanding of how by consensus based on rational discussion we can fashion liberal society” (Buchanan 2000, 44). In that essay Buchanan rejects the idea that the

economist should be a social engineer, and instead he argues that economists produce knowledge that is helpful in figuring out the best laws. Then why, we might ask, do we not simply put economists in charge of law-making? Here Buchanan's argument takes an interesting turn that sets him apart from many other economists. He acknowledges that the publicness of economic knowledge means that it will be contested within a broader conversation: "We may acknowledge the superior understanding of the economic scientist, while at the same time, we do not accept that this science can be decisively important in informing us about the choice we must make in choosing among the laws and rules that we are to impose upon ourselves" (Buchanan 2000, 47–48).

Economics is thus formative in the sense that it helps us in the deliberation process about the laws which ought to govern society, but that deliberation process is dependent on other types of knowledge as well. So knowledge about the principles of economic science are important, but to some extent, Buchanan argues, everyone will have to be 'his own economist': "at least to the extent of participating in the selection of constraints that are to be imposed collectively" (Buchanan 2000, 48–49). As such we are in a position to understand the way in which Frank Knight viewed economic knowledge as possibly contributing to a consensus about which laws are to be adopted in a (liberal) society. It also clearly demonstrates the social hope on which this attitude is founded. For only if we are hopeful that economic knowledge has this power to bring us closer to consensus, rather than create more divides and contribute to, say, class conflict, can we adopt this attitude.

The one thing noticeably absent from Buchanan's account is the extent to which economics also produces knowledge about values, it is perhaps a legacy of Frank Knight who sought a radical demarcation between facts and values, but even that is a somewhat implausible explanation. After all for Knight life was primarily about the discovery of values (Emmett 2006). It seems all the more strange since Buchanan himself emphasizes the process of becoming repeatedly in his work (Buchanan 1979; Dekker 2017). Central in that conception is the idea that man is continually in a process of becoming, rather than a bundle of preferences fixed in time. In this story of becoming, a term Rorty also uses, life becomes a discovery process about what is worth pursuing, and different types of knowledge might contribute to this discovery process (Hayek 2002; Buchanan and Vanberg 1991). So let us for now assume that for Buchanan economics could also contribute to a consideration of values.

I consider the work of Vincent and Elinor Ostrom to be in the same tradition. It is tempting to read their work as being primarily about the 'technique' of governance, and their work as producing a set of policy prescriptions for how to govern common pool resources, and communities more generally. This is what the IAD-framework is always in danger of becoming, an addition to the technical knowledge of governance (Ostrom 2010). But the alternative, humanist way of reading the work of the Ostroms is as producers of public knowledge, which helps (potentially) everyone to become their own political theorist, and be better able to participate in the conversation about governance, and more importantly the *practice* of governance. Rather than producing technical knowledge, their work would instead be an input into the discussion about governance within communities. Stronger yet, it thus becomes emancipatory knowledge which helps communities to govern themselves better.

This makes both the Ostroms and Buchanan end up clearly on the hopeful activist side of our 2×2 matrix. Their hope is that knowledge about the social world makes us

better able to deal with it, and they *hope* that communities and societies can utilize this knowledge to their advantage and govern themselves better. That it is not a given that the knowledge will be utilized for this purpose is recognized by Buchanan in the very same essay on the public role of economics. If all citizens are economically informed they might still form coalitions which exploits this economic knowledge to formulate rules which benefits their coalition more than (or at the expense of) the rest of society. The same is of course true when it comes to the governance of communities or common-pool resources.

It is worth pointing out that liberals, whether on the right or on the left, say from Fabian socialists to Austrian liberals, for a long time strongly believed in the emancipatory qualities of knowledge. One prominent exponent of this view in Vienna was Otto Neurath who believed that the pictorial statistics he developed would raise consciousness of the modern world that was coming into being. As primary and secondary education was accessible to more and more citizens, and in the twentieth century higher education, there was a deep-seated hope, not only that the educated citizens would come to hold liberal beliefs, but also that they would become better human beings through more acquaintance with knowledge about the social world. At least since WWII this belief has wavered, and increasingly we have seen a cultivation of expert knowledge at institutions of higher education. Liberal arts colleges by now are perhaps the last remnant of this hopeful view of scientific knowledge.

4 The limits of knowledge, or knowing the limits

Now that we have a better sense of the humanist/activist position, that we have associated with *Bildung* and emancipation, and the personal as well as public function of knowledge, it is important that we now understand how the humanist position, can turn into that of the more passive student. If we are to take Rorty's work again we can take up the suggestion that where the more activist half of the humanist position is about the edifying role of knowledge, the more passive half of the humanist position is about the therapeutic role of knowledge. But in order to do so we have to understand therapy mostly as knowing one's own limits, and knowing oneself rather than a set of cures or therapies the doctor can employ.

The thinker most easily associated with the passive half of the humanist position is Socrates, the philosopher famous for claiming that the more he knew the more he realized he did not know anything. It represents the general view that knowledge is not primarily cumulative, but instead opens up new questions. And that it does not lead to a superior perspective, but instead provides a variety of *imperfect* perspectives on the world. It is also captured by Rorty's emphasis on finding new ways of speaking and new ways of understanding the world. Through these efforts we do not become smarter since we understand the world better, perhaps 'richer' because we understand a multiplicity of perspectives, or perhaps just more humble because we start to realize limits of any type of knowledge. It is this latter perspective which is often ascribed to Socrates.

As I tried to demonstrate in my book on the Viennese students this strand is quite present in the Austrian tradition. It perhaps best exemplified by Hayek, although he was also engaged in constructive efforts. As early as 1933 emphasized the economics had

made most of its progress by showing what was not possible (Hayek 1933). But it is perhaps best captured in the oft-quoted: “the curious task of economics is to demonstrate to men how little they really know about what they imagine they can design” (Hayek 1988). It is a radical statement of his belief that the true lesson of economics is one about the complexity of societal orders which arise spontaneously, and which are so complex that their inner workings are beyond the comprehension of any mortal. It is for this reason that Hayek suggests we ‘marvel’ at the workings of the market: “I have deliberately used the word ‘marvel’ to shock the reader out of the complacency with which we often take the working of this mechanism for granted. I am convinced that if it were the result of deliberate human design, and if the people guided by the price changes understood that their decisions have significance far beyond their immediate aim, this mechanism would have been acclaimed as one of the greatest triumphs of the human mind” (Hayek 1945, 127).

The passive stance thus arises because we realize that we cannot change the social world, that we can at best attempt to understand how this change happens, but cannot help bring it about. But as such Hayek might still be a kind of passive scientist, and indeed there is a plausible reading of him that emphasizes this point. It is the underlying theme for example of Caldwell’s (2004) intellectual biography of him and a position that I believe most Hayek scholar’s hold to this day. This makes Hayek a complexity *theorist* aware of the deep epistemic problems the social *scientist* faces. My point here is not to deny this, I think this is not only a plausible reading of Hayek, I also believe it is a correct one. But it is not the whole reading of Hayek, I think there is an equally plausible and equally correct reading of Hayek that reads him as saying something about the attitude we ought to have to our object of study, the social world.

Take Hayek’s Nobel lecture *The Pretense of Knowledge*. It starts off with a critique of a particular type of government policy. It is a typical internalist critique of the misguided application of technical knowledge. But already in the second paragraph Hayek is also criticizing the ‘scientistic’ attitude of his fellow economists. He warns of the general limitations of mathematics, already known to the Spanish schoolmen of the sixteenth century. His warning that to “entrust science more than scientific method can achieve may have deplorable effects” (Hayek 1975, 439). But it becomes particularly clear that Hayek argues for more of a change in attitude towards our subject of study when he writes: “the insights which we gain from the study of society more often have a dampening effect on our aspirations,” and not much later: “why to act as if we possessed scientific knowledge enabling us to transcend them [absolute obstacles] may itself become a serious obstacle to the advance of the human intellect” (Hayek 1975, 439–40). And what if not in a change in attitude is he after when he argues that: “If man is not to do more harm than good in his efforts to improve the social order, he will have to learn that in this, as in all other fields where essential complexity of an organized kind prevails, he cannot acquire the full knowledge which would make mastery of the events possible” (Hayek 1975, 442).

The knowledge that is gained through a study of the intricate workings of the market should make us realize our own limits, and even of the limits of the knowledge we can have about the functioning of the market. The study of the market thus cures us of a natural human hubris, it has *purgatory* qualities. If the purpose of knowledge is that it enables us to know ourselves, then Hayek argues it helps us know our own limits, both of what we can know and what we can do. As Hayek argues explicitly it ‘dampens our

aspirations'. In my book I have shown that many of the same arguments were present at the Viennese medical school, which argued that a more intricate knowledge of the human body and its functioning would dampen our aspirations in healing. Or at the very least it should cure us of the hubris of the time that much could be done through external interventions. Not for nothing did some external commentators describe the Viennese Medical School as the school of *laissez-faire* at the bedside.

The idea of a kind of purgatory quality to philosophy was more widespread in Vienna. Wittgenstein's analysis of language, for example, aimed to expose the hidden traps, the ways in which our thinking was misled through language. His early attempts to purify language were rooted in the idea that in this way we could rid ourselves of misconceptions and superstitions. The purpose of his work was therapeutic, and he explicitly linked it to the psychoanalytic efforts of Freud, both: "make the subconscious conscious and thereby harmless" (Wittgenstein quoted in Sigmund 2016, 260). It is a line of thinking we also find in Hayek's critique of the notion of 'social' in social justice⁴ and Machlup's critical analysis of weasel-words 'used to avoid commitment to a definite and clear thought' (Machlup 1959). Social knowledge would hence have a purifying effect, and it would clean our sight. It is not for nothing, that Rorty, Wittgenstein, Hayek and Machlup all laid great importance on language, and the way we speak. If we understand the world through language, then we better make sure that language does not mislead us (too badly). But these sceptical thinkers all realized that any language was imperfect, and hence our understanding limited. This was different for Neurath, who through the invention of a new visual language believed he could create an improved understanding of modern developments for anyone.

This purgatory effect of science was part of much of the Enlightenment, and its critique of religion and metaphysical beliefs. Not for nothing is the Viennese flourishing period called a 'late Enlightenment'. The hopeful and activist enlightenment thinker will go along with Neurath's visual language or the Encyclopedia project of the French rationalists, to construct (engineer) a better and more pure language, but the basic therapeutic function is merely to point out how our language is misguiding us, and to rid the language of the most harmful elements.

These reflections should make clear that even the passive student, or therapeutic intellectual is not quiet. She will still be engaged in efforts to correct existing understandings, and existing ways of dealing with the world.⁵ As Rorty suggested they help us "break free from outworn vocabularies and attitudes", and this might be a very *active* battle. The same is true for the positivist scientist who might be very active in pointing out mistaken factual beliefs, or in bringing to light certain facts. But he is skeptical that this knowledge can be employed to improve the social world, and hence passive in that respect.

⁴ For his most extensive criticism of this notion of 'social justice' see volume 2 of his *Law, Legislation and Liberty* (Hayek 1982).

⁵ This is one point at which my book received repeated criticisms for I depicted Mises in particular repeatedly as a fatalist thinker during the interwar period. Others pointed out that he was very active in pointing out mistakes in the works of others. I hope this revised description makes clear that Mises was still active as a therapeutic intellectual during the interwar period, but that he had given up on a project of emancipation during the 1930's.

5 The realm of facts and the realm of the possible

There is one quadrant which we have left completely unexplored so far, that is of the passive scientist. This stance is most easily associated with a positivist outlook on science in which the scientist is restricted to studying the facts and organizing them into theories. Since this position is so familiar I will not dwell on it much, other than noting that this is the default position for many scholars (as well as their ultimate retreat). It is this position that is also associated with a strong emphasis on the distinction between is and ought, with the positive scientist only studying what is, and leaving the world of ought to others (Friedman 1953).

In the table above I included the historicist position in this box, not only because (economic) historians are often quite content with recording the facts and explaining the past, without much of an activist stance, but more importantly if coupled with the idea that facts are heavily conditioned by the historical circumstances and contingencies it is easy to arrive at the position that nothing can be learned from the past. But the other reason for including it is that in the ‘transformative’ books within the European liberal tradition —*The Road to Serfdom* (Hayek 1944), *Capitalism, Socialism and Democracy* (Schumpeter 1976), *The Open Society and its Enemies* (Popper 1945), *The Social Crisis of our Times* (Röpke 1950) — all blame positivism and historicism for leading to a kind of fatalism. A particularly strong statement to this effect is Röpke’s *A Value Judgement on Value Judgements* (1942).

Their arguments, although all slightly different, emphasize that studying the realm of facts only, had led to a quietist attitude if not an outright fatalism, which has contributed to the rise of totalitarianism. These books all emphasize that merely studying the world is not enough, but that we also should have a vision of what the social world should become, coupled with the recognition that humans have an active role in shaping that future. For the Austrians I tried to show in my book how that made them turn away from the student position, in favour of a more activist position, which I termed defender or custodian. I still think those terms capture some of what they did, but more generally they moved to an activist, and constructive emancipatory attitude, in which attempts at spreading knowledge about the world went hand in hand with attempts to spread liberal values and a vision of a society of the future. What they did not do, or at least did not seek to do, was to become active scientists trying to become experts who would design a superior society. Their goal was emancipatory, not constructivist.⁶ It was their response to an overtly passive attitude, in which science is powerless in the face of evil.

We now have a better sense of how our small 2×2 matrix is able to make sense of the fact that passivism could equally result from the humanist and the scientist position. It implicitly highlights one other aspect which is quickly overlooked, the fact that the limit of both the student and the positivist position lie in their inability to go beyond what is, the world as it exists. This is different for both the social engineer and the emancipator both of whom are engaged in imagining new possibilities, or as Rorty expressis it, new ways of being.

It is striking that in his perceptive essay on economics as a public knowledge Buchanan recognizes that the realm of his inquiry is not just the world as it is, but also the world that

⁶ There are important differences of nuance here. For some ordo-liberals the social engineering position had some attraction, but ultimately I think it can be demonstrated that for all of them the adoption of set of institutions and laws was dependent on building a political consensus around them, not to seek to implement them through expert rule. See also below in this essay.

might be possible. He argues that it is the task of the economist not merely to generate predictions about what happens under the current set of constraints (the current set of laws and rules), but also other imagined sets of rules. Buchanan in fact uses this to criticize the is-ought distinction: “For the natural scientist there is an ‘is’. For the economist there is an ‘is’, but there is, also, a whole set of ‘might bes’ that are feasible”. And hence: “a substantial share of the economists’ scientific effort is devoted to delineating the institutionally feasible constraints on behaviour that may be predicted to generate generally preferred outcomes or social states” (Buchanan 2000, 50). In other words the search for a better world and for better ways of being is very much part of the political economy project, and the danger of clinging to only factual knowledge, or only studying human nature, is that it kills the imagination and our eyes for what is possible.

Let us say it loud and clear: this is what the left calls critical theory (Dryzek 1992). And it might help explain why the Austrian tradition has always had a weak spot for critical theory. From Menger and Böhm-Bawerk’s early scuffles with Marxism, to Mises extensive engagement with different ideological systems, to Hayek’s life-long concern with socialism of various kinds. Admitted this engagement has often been of a critical kind, showing how the particular ‘institutional constraints’ proposed by others would not lead to ‘generally preferred outcomes or social states’ to use Buchanan’s neutral language. But the engagement was real. And, on the flipside many within the Austrian tradition have proposed alternative institutional arrangements: from gold-backed currencies, to the free banking system, free-trade regimes and the abolition of various interventionist measures.

The danger, it seems, is not so much that the consideration of ‘might-bes’ is absent from the Austrian and related traditions, but it lies in two other areas. The first danger is that we poorly understand what we do, so that we accuse others of engaging in going beyond the scope of what is intellectually allowed or scientifically grounded, while denying we do the same thing. Or worse yet, denying that their way of thinking is a genuine part of social (scientific) knowledge. The second danger lies in the notion that this type of ‘might-be’ thinking can only relate to institutional rules, and not also to how we deal with the world. That we think this knowledge should always be institutional and cannot also be practical and moral.

I think the first danger, misunderstanding the actual practice of analysts of the social world as being only concerned with how the world is, should be clear enough now. Awareness of the actual practices and the recognition of what actually happens within social science is crucial to overcome this danger. And as we argued above this kind of self-understanding can often be the most important change.

For the second danger it is important to return once more to Buchanan’s essay. After he has spoken about the ‘might-bes’ of institutional rules he says that these are restricted by the ‘uniformities of human nature’, and then he adds the caveat: “uniformities that are acknowledged to exist, but which are not hard-wired in any sense analogous to those encountered in the natural world” (Buchanan 2000, 50). The extent to which these uniformities are hard-wired is the subject of empirical science and as such beyond the scope of this conceptual essay. But it is fair to say, that Buchanan here acknowledges an incredibly important caveat, which requires much working out.

It is easy to take his caveat to its extreme, the crude form of socialism which held that a new set of socio-economic institutions would lead to the coming of socialist man, who would be self-motivated, altruistic and without envy. Socialist man under hypothetical socialism is obviously an extreme ‘might-be’ that changes both the model of man and the

existing socio-economics rules to such an extent, that we should treat the proposal with extreme scepticism, without, however, denying it out of hand. But given what we said before we should be open to the idea that man is becoming a better or different person, and so that rules that were once necessary are no longer so. The metaphor of the child is tempting here, strict rules as necessary when they are young, but increasingly they will learn self-control.

Buchanan's own emphasis on becoming in his essay *Natural and Artifactual Man* (1979) suggests that we should not think of human beings or human nature as fixed. And indeed the activist humanist, the emancipator, will emphasize the extent to which humans can improve themselves. The acceptance that both human nature and our socio-economic institutions are not fixed, means that the realm of the possible becomes large, very large, and with a myriad of possibilities. This is at once the attraction and the danger of this perspective.⁷ But I think a recognition of the activist strand of both the scientist and the humanist forces us to accept that this is the reality. The alternative is to resort to the 'factual knowledge only' position of the positivist, or the accepting position of the student. Both positions might have to teach us much of the variety already existing in the world, from which we can learn much about the realm of the possible, but my contention here is that the world of the possible, of the 'might-be's', the speculative part of knowledge, is an inseparable part of our knowledge of the social world.

It is for this reason that the humanist has an appreciation for art, and in particular for fiction. After all fiction is the exploration of the possible, not through the analysis of actual situations, but through the construction of 'might-be' situations which gain plausibility by not diverging too much from the world as we experience it, or which gain in estrangement by diverging a great deal from the world as we experience it. Fiction it is often argued has an important role to play in emancipation. In fact Richard Rorty is (in)famous for his claim that the novel *Uncle Tom's Cabin* has done more for black emancipation than any legal movement. That might be expecting much of one novel, but it is clear that art and literature can play a role in this process of emancipation. Just as a study highlighting the injustice of the current immigration system might help bring this about.

Rorty calls this sentimental education, following Hume rather than Kant. It is beyond the purpose of this idea to fully develop this idea, but it is worth emphasizing that if we adopt the humanist position we will start to think differently about the scope of economic knowledge. And all of a sudden stories like *I, Pencil*, the pamphlets of Bastiat and a movie like *Wall Street* become part of this knowledge. They support the development of a sensitivity toward economic issues. They are equally contributions to, or perhaps impediments, to reaching more agreement on economic issues in the public domain, to ultimately fashion a better world, through shared understanding, instead of expertise.

6 Conclusion

Bart Wilson and Vernon Smith have just published their 'Humanomics' (Smith and Wilson 2019). Deirdre McCloskey has argued for a humane liberalism. Before them

⁷ It is worth pointing out in this respect that Mises' idea of purposeful action within a means-end framework was originally proposed by Weber as a modern form of human behavior at odds with earlier more traditional forms such as ritualistic or conventional behavior.

Don Lavoie and Arjo Klammer were engaged in a similar project. They are attempts to reintegrate the science of economics and a humanist or liberal perspective. It is my conviction that in order to do so we also have to shift away from the dominant science discourse, and I believe that there are plenty of elements in the Austrian tradition that allow us to do so. Prime among them is the critique of scientism. So I believe there is much to agree with when Rorty writes that:

“The fear of science, of ‘scientism,’ of ‘naturalism,’ of self-objectivation, of being turned by too much knowledge into a thing rather than a person, is the fear that all discourse will become normal discourse. That is, it is the fear that there will be objectively true or false answers to every question we ask, so that human worth will consist in knowing truths, and human virtue will be merely justified true belief. This is frightening because it cuts off the possibility of something new under the sun, of human life as poetic rather than merely contemplative.”

That agreement is not merely, I believe, a personal preference. Many arguments for it can be found in the Austrian tradition, which emphasizes the heterogeneity of ends, the subjectivity of experience, the unintended consequences of our actions, the limits of scientific knowledge and the market process as a discovery procedure. But it is also this sensibility that is deeply rooted in Austrian literature with its eye for the unexpected, the ironic, the tragic elements of life. This literature itself is a weird reflection on (the folly of) human striving and the coming to terms with the world, and the knowing of one's own limitations. It were some of those links that I sought to illuminate in my book. It, too, is an argument for the humanist attitude of the observer of the social world.

But the purpose of this paper is also to demonstrate that the humanist position is not all a passive attitude. Instead it is both corrective, Rorty calls this therapeutic, and constructive, Rorty calls this edifying. In their recent book *Complexity and the Art of Public Policy* (2014) David Colander and Roland Kupers argue for more humanities training for economists, they hope it will instill humility in the economists of the future. Perhaps I fell into the same trap, because so much of Viennese culture is about the limits of knowledge. But I hope to have shown in this essay that there is an equally viable position for the constructive humanist, who I have labelled the emancipator. This helps to resolve a number of issues that I dealt with in my book, but failed to resolve completely there. These include the transformation of the Viennese students, into active promoters of a liberal society, as well as the critique of the central-European liberals of the fatalism which had resulted from both positivism and historicism.

In this essay I have argued that the central distinction between the humanist and the scientist is one in the attitude they have towards knowledge about the social world. The attitude of the scientist is that of a detached observer, interested in describing the world as accurately as possible. This descriptive knowledge can be used as an input for the instrumental use of knowledge by experts. The attitude of the humanist on the other hand is that of the engaged agent, who is facing the same problems as anybody else. While the humanist does not deny that there are people with more expertise about subjects she is primarily interested in how this knowledge can help individuals and groups improve their own lives. Only if we reject both the hope in technological knowledge and moral and social change do we have to become fatalists.

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